

RIVERSIDE UNIFIED SCHOOL DISTRICT

Revised Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994;
Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007

July 1, 2003, through June 30, 2007



JOHN CHIANG
California State Controller

August 2012



JOHN CHIANG
California State Controller

August 24, 2012

Gayle Cloud, President
Board of Education
Riverside Unified School District
3380 14th Street
Riverside, CA 92501

Dear Mrs. Cloud:

The State Controller's Office audited the costs claimed by the Riverside Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2003, through June 30, 2007.

This revised final report supersedes our previous report dated February 5, 2010. Our original report did not allow reimbursement for initial truancy notifications that did not comply with the program's parameters and guidelines. We revised Finding 3 to allow partial reimbursement for the fiscal year 2006-07 notifications that the district distributed. As a result, allowable costs increased by \$198,120 for the audit period.

The district claimed \$985,881 (\$987,881 less a \$2,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$857,913 is allowable and \$127,968 is unallowable. The costs are unallowable because the district claimed unsupported, non-reimbursable, and non-compliant initial truancy notifications. The State paid the district \$659,793. The State will pay allowable costs claimed that exceed the amount paid, totaling \$198,120, contingent upon available appropriations.

The district previously filed an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM) on November 1, 2010. The district may file an amended IRC based on this revised final audit report. The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at CSM's Web site at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk

cc: Richard L. Miller, Ph.D., Superintendent
Riverside Unified School District
Michael H. Fine, Deputy Superintendent
Business Services and Governmental Relations
Riverside Unified School District
Timothy Walker, Executive Director of Pupil Services/SELPA
Riverside Unified School District
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Contents

Revised Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	2
Conclusion	3
Views of Responsible Official	3
Restricted Use	3
Revised Schedule 1—Summary of Program Costs	4
Revised Findings and Recommendations	6
Attachment—District’s Response to Draft Audit Report	

Revised Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Riverside Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2003, through June 30, 2007.

The district claimed \$985,881 (\$987,881 less a \$2,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$857,913 is allowable and \$127,968 is unallowable. The costs are unallowable because the district claimed unsupported, non-reimbursable, and non-compliant initial truancy notifications. The State paid the district \$659,793. The State will pay allowable costs claimed that exceed the amount paid, totaling \$198,120, contingent upon available appropriations.

Background

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents or guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution; (4) alternative educational programs are available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to require school districts to notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day. However, the Commission on State Mandates (CSM) did not amend the program's parameters and guidelines until January 31, 2008 (effective July 1, 2006). Therefore, until June 30, 2006, districts are eligible for mandated program reimbursement if they notify a parent or guardian of the first five elements.

Education Code section 48260 originally defined a truant pupil as one who is absent from school without a valid excuse for more than three days or who is tardy in excess of 30 minutes on each of more than three days in one school year. Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended Education Code section 48260 and renumbered it to section 48260, subdivision (a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof. However, the

CSM did not amend the program's parameters and guidelines until January 31, 2008 (effective July 1, 2006). Therefore, for mandate-reimbursement purposes, until June 30, 2006, a pupil is initially classified as truant upon the fourth unexcused absence.

On November 29, 1984, the State Board of Control (now CSM) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted parameters and guidelines on August 27, 1987, and amended them on July 22, 1993, and January 31, 2008. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and schools districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 2003, through June 30, 2007.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. Except for the following issue, we conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We were unable to assess fraud risk because the district did not respond to our inquiries regarding fraud assessment. The district did not respond based on its consultant's advice. As a result, we increased our substantive testing; however, this would not necessarily identify a fraud or abuse that may have occurred.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by generally accepted government auditing standards. However, the district declined our request.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the Riverside Unified School District claimed \$985,881 (\$987,881 less a \$2,000 penalty for filing late claims) for costs of the Notification of Truancy Program. Our audit disclosed that \$857,913 is allowable and \$127,968 is unallowable.

For the fiscal year (FY) 2003-04 claim, the State paid the district \$210,743 from funds specifically appropriated for mandated program claims. Our audit disclosed that the entire amount is allowable.

For the FY 2004-05 claim, the State paid the district \$233,635 from funds specifically appropriated for mandated program claims. Our audit disclosed that the entire amount is allowable.

For the FY 2005-06 claim, the State paid the district \$215,415 from funds appropriated under Chapter 724, Statutes of 2010. Our audit disclosed that the entire amount is allowable.

For the FY 2006-07 claim, the State made no payment to the district. Our audit disclosed that \$198,120 is allowable. The State will pay that amount, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on November 20, 2009. Michael H. Fine, Deputy Superintendent, responded by letter dated December 14, 2009 (Attachment). The district disagreed with Findings 2 and 3, and stated that it does not dispute Finding 1 at this time. We issued the final audit report on February 5, 2010.

Subsequently, we revised our audit report to allow partial reimbursement for non-compliant initial truancy notifications that the district distributed in FY 2006-07. We revised Finding 3 to reduce unallowable costs from \$226,423 to \$28,303. We advised Annette Alvarez, Fiscal Services Manager, of the revision.

Restricted Use

This report is solely for the information and use of the Riverside Unified School District, the Riverside County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

August 24, 2012

Revised Schedule 1— Summary of Program Costs July 1, 2003, through June 30, 2007

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Number of initial truancy notifications	17,943	15,501	(2,442)	Findings 1, 2
Uniform cost allowance	× \$13.66	× \$13.66	× \$13.66	
Total costs ²	\$ 245,101	\$ 211,743	\$ (33,358)	
Less late penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 244,101</u>	210,743	<u>\$ (33,358)</u>	
Less amount paid by the State		(210,743)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Number of initial truancy notifications	19,134	16,431	(2,703)	Findings 1, 2
Uniform cost allowance	× \$14.28	× \$14.28	× \$14.28	
Total costs	\$ 273,234	\$ 234,635	\$ (38,599)	
Less late penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 272,234</u>	233,635	<u>\$ (38,599)</u>	
Less amount paid by the State		(233,635)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Number of initial truancy notifications	15,645	13,862	(1,783)	Finding 2
Uniform cost allowance	× \$15.54	× \$15.54	× \$15.54	
Total program costs	<u>\$ 243,123</u>	\$ 215,415	<u>\$ (27,708)</u>	
Less amount paid by the State ³		(215,415)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Number of initial truancy notifications	14,020	14,020	—	
Uniform cost allowances	× \$16.15	× \$16.15	× \$16.15	
Subtotal	\$ 226,423	\$ 226,423	\$ —	
Noncompliant initial truancy notifications	—	(28,303)	(28,303)	Finding 3
Total program costs	<u>\$ 226,423</u>	\$ 198,120	<u>\$ (28,303)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 198,120</u>		

Revised Schedule 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>	<u>Reference ¹</u>
<u>Summary: July 1, 2003, through June 30, 2007</u>				
Total costs	\$ 987,881	\$ 859,913	\$ (127,968)	
Less late claim penalty	<u>(2,000)</u>	<u>(2,000)</u>	<u>—</u>	
Total program costs	<u>\$ 985,881</u>	857,913	<u>\$ (127,968)</u>	
Less amount paid by the State		<u>(659,793)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 198,120</u>		

¹ See the Revised Findings and Recommendations section.

² Calculation differences due to rounding.

³ Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Revised Findings and Recommendations

FINDING 1— Unsupported initial truancy notifications claimed

The district claimed \$799 in unsupported initial truancy notifications for fiscal year (FY) 2003-04 and FY 2004-05 because attendance records did not support the number of initial truancy notifications claimed.

For FY 2003-04 and FY 2004-05, the district claimed 17,943 and 19,134 initial truancy notifications, respectively. However, its attendance records supported only 17,919 and 19,101 notifications, respectively, for the same fiscal years. The overstated number of truancy notifications totaled 57.

The following table summarizes the unsupported initial truancy notifications claimed:

	Fiscal Year		Total
	2003-04	2004-05	
Number of elementary school initial notifications documented	9,214	9,395	
Number of secondary school initial notifications documented	8,705	9,706	
Total number of initial truancy notifications documented	17,919	19,101	
Less number of initial truancy notifications claimed	(17,943)	(19,134)	
Overstated number of initial truancy notifications	(24)	(33)	(57)
Uniform cost allowance	× \$13.66	× \$14.28	
Audit adjustment	\$ (328)	\$ (471)	\$ (799)

The program's parameter's and guidelines require the district to provide documentation that supports the total number of initial truancy notifications distributed. In specifying reimbursable costs, the parameters and guidelines state that districts shall be reimbursed for the costs to identify truant pupils, prepare and distribute by mail or other method the forms to parents or guardians, and perform associated recordkeeping. The program reimburses claimants based on a uniform cost allowance and the number of eligible initial truancy notifications documented.

Recommendation

We recommend that the district claim the number of allowable initial truancy notification letters that its records support.

District's Response

This finding adjusts the total notifications claimed to the number of audited notifications "supported" by District documentation. The audited decrease in the number of notices is 57 less for FY 2003-04 and FY 2004-05. This District has no additional documentation available at this time to support the 57 notices. The District does not dispute this finding at this time.

SCO's Comment

Our finding and recommendation are unchanged. The district did not provide additional documentation to refute the audit finding.

**FINDING 2—
Non-reimbursable
initial truancy
notifications claimed**

The district overstated allowable initial truancy notifications by \$98,866 during the audit period. This amount is net of the adjustment in Finding 1 totaling \$799 in costs claimed that were not supported by the district's attendance records and \$5,237 of reimbursable elementary school costs the district did not claim for FY 2005-06.

The district claimed initial truancy notifications for students who did not accumulate the required number of unexcused absences or tardiness occurrences to be classified as truant under the mandated program. In addition, the district's attendance records supported 454 more initial truancy notifications than it claimed for Harrison and Hawthorne Elementary Schools.

The district accounts for elementary and secondary school attendance differently; therefore, we stratified the population into two groups for each year. For each group of students, we selected a statistical sample of initial truancy notifications based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We chose our statistical sample from the population of initial truancy notifications that the district documented. We used statistical samples so that we could project the sample results to the population for each group.

The district claimed unallowable initial truancy notifications for students who accumulated fewer than four unexcused absences or tardiness occurrences during the fiscal year. (Some of these students accumulated fewer than three unexcused absences or tardiness occurrences.)

The following table summarizes unallowable initial truancy notifications claimed:

	Fiscal Year			
	2003-04	2004-05	2005-06	Total
<u>Elementary Schools</u>				
Number of unallowable initial truancy notifications from statistical sample	(36)	(40)	(38)	
Statistical sample size	÷ 148	÷ 148	÷ 147	
Unallowable percentage	(24.32)%	(27.03)%	(25.85)%	
Population sampled ¹	× 9,214	× 9,395	× 7,562	
Extrapolated number of unallowable initial truancy notifications	(2,241)	(2,539)	(1,955)	
Uniform cost allowance	×\$13.66	×\$14.28	×\$15.54	
Unallowable costs, elementary schools	<u>\$(30,612)</u>	<u>\$(36,257)</u>	<u>\$(30,381)</u>	\$ (97,250)

	Fiscal Year			
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Total</u>
<u>Secondary Schools</u>				
Number of unallowable initial truancy notifications from statistical sample	(3)	(2)	(3)	
Statistical sample size	÷ 148	÷ 148	÷ 147	
Unallowable percentage	(2.03)%	(1.35)%	(2.04)%	
Population sampled ¹	<u>× 8,705</u>	<u>× 9,706</u>	<u>× 8,083</u>	
Extrapolated number of unallowable initial truancy notifications	(177)	(131)	(165)	
Uniform cost allowance	<u>×\$13.66</u>	<u>×\$14.28</u>	<u>× \$15.54</u>	
Unallowable costs, secondary schools	<u>\$ (2,418)</u>	<u>\$ (1,871)</u>	<u>\$ (2,564)</u>	<u>(6,853)</u>
Audit adjustment, unallowable initial truancy notifications claimed	<u>\$(33,030)</u>	<u>\$(38,128)</u>	<u>\$(32,945)</u>	<u>\$(104,103)</u>

¹ Net of unsupported truantries identified in Finding 1. For FY 2005-06, the population of elementary schools sampled totaled 8,016 (7,562 claimed and 454 unclaimed).

The following table summarizes unclaimed allowable initial truancy notifications:

	Fiscal Year 2005-06
<u>Elementary Schools</u>	
Understated number of initial truancy notifications	454
Allowable percentage	× 74.15%
Extrapolated number of unclaimed allowable initial truancy notifications	337
Uniform cost allowance	× \$15.54
Audit adjustment, unclaimed initial truancy notifications	<u>\$ 5,237</u>

The following table summarizes the unallowable initial truancy notifications claimed net of unclaimed notifications:

	Fiscal Years			Total
	2003-04	2004-05	2005-06	
Audit adjustment, unallowable initial truancy notifications claimed	\$ (33,030)	\$ (38,128)	\$ (32,945)	\$ (104,103)
Audit adjustment, unclaimed initial truancy notifications	—	—	5,237	5,237
Total audit adjustment	<u>\$ (33,030)</u>	<u>\$ (38,128)</u>	<u>\$ (27,708)</u>	<u>\$ (98,866)</u>

Education Code section 48260, subdivision (a), as amended in 1994 states:

Any pupil subject to compulsory full-time education or to compulsory continuation education [emphasis added] who is absent from school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the schoolday [sic] without a valid excuse on three occasions in one school year, or any combination thereof, is a truant. . . .

Education Code section 48200 states that children between ages 6 and 18 are subject to compulsory full-time education. Therefore, student absences that occur before the student's 6th birthday or after the student's 18th birthday are not relevant when determining whether a student is a truant.

For the audit period, the parameters and guidelines state that initial truancy occurs when a student is absent from school without a valid excuse *more* than three days or is tardy in excess of 30 minutes on each of *more* than three days in one school year. The Commission on State Mandates (CSM) did not amend the parameters and guidelines until July 1, 2006. Therefore, for the audit period, an initial truancy notification is reimbursable only when a student has accumulated four or more unexcused absences or tardiness occurrences while between ages 6 and 18.

Effective July 1, 2006, the CSM adopted amended parameters and guidelines for the Notification of Truancy Program. The amended parameters and guidelines state:

A truancy occurs when a student is absent from school without valid excuse three (3) full days in one school year, or is tardy or absent without valid excuse for more than any thirty (30) - minute period during the school day on three (3) occasions in one school year, or any combination thereof.

Recommendation

We recommend that the district claim initial truancy notification costs for only those students who accumulate three or more unexcused absences or tardiness occurrences between ages 6 and 18, in accordance with Education Code sections 48200 and 48260, subdivision (a).

District's Response

Audit by sampling

The draft audit report states that this finding is based on a statistical sample of truancy notifications actually examined for the three fiscal years. A sample of 147 or 148 notifications was selected for both elementary and secondary schools each year, or a total of 886 notifications for the three years for which there are findings. Based on the claimed number of notifications for the three years (52,722), it appears the sample size is approximately 1.7 percent. The results from this review of less than two-percent of the total number of notices were extrapolated to the universe and the claims were adjusted based on the extrapolation.

The draft audit report has cited no statutory or regulatory authority to allow the Controller to reduce claimed reimbursement based on an extrapolation of a statistical sample. The Controller does not assert that the claimed costs were excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17561(d)(2)). It would, therefore, appear that the entire findings are based upon the wrong standard for review.

Aside from the legal basis for sampling, there are potential factual problems with the sample students selected. The ultimate risk for extrapolating findings from a sample is that the conclusions obtained from the sample may not be representative of the universe. That is, the errors perceived from the sample do not occur at the same rate in the universe. That is what has occurred in this audit. For example, kindergarten students present in the sample are more likely to be excluded because of the under-age issue, which makes these samples non-representative of the universe. Also, if any of the notices excluded for being under-age or over-age are for students who are special education students, these samples would also not be representative of the universe since the possibility of a special education student being under-age or over-age is greater than the entire student body.

Number of absences required for the initial notification

About one-half of the sampled notifications disallowed were deemed unallowable because the students had only three absences during the school year. Education Code Section 48260 was amended, effective January 1, 1996, to require a student to be classified as a truant after only three tardies or absences, rather than the four previously required. However, the Parameters and Guidelines were not amended until January 31, 2008 (effective July 1, 2006), to reflect the change in statute.

The Controller's auditors have chosen to enforce the definition of a truant as it was stated in the Parameters and Guidelines prior to the amendment, even though it contradicts a statute in effect during the audit period. The District properly complied with state law when it issued truancy notifications after three absences, rather than waiting for a fourth absence as required by the Parameters and Guidelines. Therefore, the Controller's adjustment is without legal authority.

Age of student

Many of the sampled notifications were disallowed because the student was younger than six years or older than 17 years, which is outside the scope of the compulsory attendance law (Education Code Section 48200). However, the District has distinct statutory duties to enroll some children who are five years old by December 2 of the year of enrollment as well as continue to enroll special education students through age 21. To the extent that these particular circumstances occur for any of the sampled students, the disallowance is without legal authority and the sampled student is statistically not representative of the universe.

The adjustments that result from the statistical sampling should be withdrawn as factually incorrect and unsupported by law.

SCO's Comment

Our finding and recommendation are unchanged. The district did not provide additional documentation to refute the audit finding. We have the following comments on the district's response:

Audit by Sampling

The district concludes that the SCO based its audit finding on the “wrong standard for review” and that the SCO may reduce only those claims that it determines to be excessive or unreasonable. We disagree. Government Code section 17558.5 requires the district to file a reimbursement claim for *actual* mandate-related costs. Government Code section 17561, subdivision (d)(2), allows the SCO to audit the district’s records to verify *actual* mandate-related costs. In addition, Government Code section 12410 states, “The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment.”

The SCO did, in fact, conclude that the district’s claim was excessive. “Excessive” is defined as “exceeding what is usual, *proper*, *necessary* [emphasis added], or normal.”¹ The district’s mandated cost claims exceeded the proper amount based on the reimbursable costs that the parameters and guidelines identify.

The SCO conducted its audit according to generally accepted government auditing standards (*Government Auditing Standards*, issued by the U.S. Government Accountability Office, July 2007). *Government Auditing Standards*, section 1.03 states, “The professional standards and guidance contained in this document . . . provide a framework for conducting high quality government audits and attestation engagements with competence, integrity, objectivity, and independence.” Generally accepted government auditing standards require the auditor to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions. The standards recognize statistical sampling as an acceptable method to provide sufficient, appropriate evidence.

The district believes that the sample results may not be representative of the universe because the audit sample included kindergarten students, who are more likely to be excluded due to the under-age issue. The district also states that the possibility that a special education student is under-age or over-age is “greater than [that of] the entire student body,” and the inclusion of special education students in the tested sample is “non-representative of the universe.” In fact, the opposite is true. An appropriate random, statistical sample may include some kindergarten and special education students because those students are part of the truancy population. The district’s response provides no evidence showing that the audit sample included a disproportionate number of kindergarten or special education students compared to the truancy population.

Number of Absences Required for the Initial Notification

The district does not distinguish between its statutory responsibility and mandate-related reimbursable costs. Reimbursable costs are limited to allowable costs identified in the mandated program’s parameters and

¹ Merriam-Webster Collegiate Dictionary, Tenth Edition, 2001.

guidelines. For the audit period (excluding FY 2006-07), the parameters and guidelines state that an initial truancy occurs when a student is absent from school without a valid excuse *more* than three days or is tardy in excess of 30 minutes on each of *more* than three days in one school year.

Pursuant to Government Code section 17550 et al., school districts are responsible for identifying state-mandated costs and filing test claims for reimbursement of those costs. This district, and all other California school districts, failed to file a test claim in response to Chapter 1023, Statutes of 1994. This legislation amended Education Code section 48260 and renumbered it to Education Code section 48260, subdivision (a), revising the definition of initial truancy.

Age of Student

The district does not distinguish between its statutory responsibility to enroll students versus its responsibility to issue initial truancy notification letters. Although the district might be obligated to enroll students younger than age 6 or older than age 17, those students are not subject to compulsory attendance requirements. Therefore, for initial truancy notification purposes, it is irrelevant whether students are absent when they are younger than age 6 or older than age 17.

FINDING 3— Noncompliant initial truancy notifications

The district claimed unallowable costs totaling \$28,303. The costs are unallowable because the district distributed initial truancy notifications in FY 2006-07 that did not contain all eight items required by the parameters and guidelines.

Effective July 1, 2006, the parameters and guidelines require that districts distribute initial truancy notification forms that notify parents/guardians of the following eight items:

1. The pupil is truant.
2. The parent or guardian is obligated to compel the attendance of the pupil at school.
3. Parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution pursuant Article 6 (commencing with section 48290) of Chapter 2 of Part 27 of the Education Code.
4. Alternative educational programs are available in the district.
5. The parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.
6. The pupil may be subject to prosecution under Education Code section 48264.

7. The pupil may be subject to suspension, restriction, or delay of the pupil's driving privileges pursuant to Vehicle Code section 13202.7.
8. It is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.

The district distributed initial truancy notifications that did not include the sixth item listed above. Therefore, 1/8 (12.5%) of the unit cost allowance for each notification is unallowable.

The following table summarizes the audit adjustment:

	Fiscal Year 2006-07
Number of noncompliant initial truancy notifications	14,020
Uniform cost allowance	× \$16.15
Subtotal	226,423
Unallowable percentage	× (12.5)%
Audit adjustment	<u>\$ (28,303)</u>

Recommendation

We recommend that the district revise its initial truancy notifications to comply with the minimum requirements specified in the parameters and guidelines.

District's Response

The draft audit report states in the "Background" section, on page 1, that the Commission amended the parameters and guidelines on January 31, 2008. Therefore, the District could not have been on notice of the retroactive effect to FY 2006-07 until the amended parameters and guidelines were adopted and included in the next update of the claiming instructions for this program, which was after FY 2006-07.

Notwithstanding, the District initial notification of truancy more than substantially complies with Education Code Section 48260.5. The notice provides a summary of the code section, but does not specifically cite Section 48264. Section 48264, which states that truants are subject to arrest, has been state law in some form since 1903. It permits discretionary *noncriminal* custody arrests during school hours of students away from home and not in school. A Section 48264 detention does not depend on the occurrence or documentation of either three or four or more absences or tardies and thus a Section 48260.5 notice is not a condition precedent to the enforcement of Section 48264. The student is subject to this penalty at any time, before and after the Section 48260.5 notice, so the lack of citation of Section 48264 in the initial notification of truancy is substantively insignificant.

The adjustment should be rescinded as unnecessary and punitive.

SCO's Comment

Subsequent to our final audit report issued February 5, 2010, we revised Finding 3 to allow a prorated amount of the unit cost allowance for noncompliant initial truancy notifications. Our recommendation is unchanged.

The district asserts that it was not “on notice” of the retroactive effect to FY 2006-07, as the program’s parameters and guidelines were amended on January 31, 2008. We disagree. Chapter 1023, Statutes of 1994, required the district to notify parents/guardians of the eight specific items noted in this audit finding. Therefore, the district has been “on notice” of its statutory obligation since that time. The recent amendment to the parameters and guidelines simply aligns these guidelines with the Education Code for mandate-reimbursement purposes.

The district agrees that its FY 2006-07 initial truancy notification is missing a required element, as it does not state “the pupil may be subject to prosecution under Education Code section 48264.” Nevertheless, the district believes it should be reimbursed because its notification “more than substantially complies with Education Code Section 48260.5.” In addition, the district believes that our reference to Education Code section 48264 is “substantively insignificant” because enforcement under the section is not dependent on the number of unexcused absences that the pupil accumulates. We disagree on both counts. The parameters and guidelines do not provide reimbursement for “substantial compliance.” In addition, the matter of when a district may enforce the provisions of Education Code section 48264 is irrelevant. The parameters and guidelines require that initial truancy notifications include the information provided in Education Code section 48260.5, subdivision (f). The district’s notifications did not include the required information; therefore, only a prorated portion of the unit cost allowance is allowable.

**OTHER ISSUE—
Public records
request**

District's Response

The District requests that the Controller provide the District any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period relevant to the findings, and specifically, the Controller’s legal authority to use statistical sampling to adjust claims and to disallow notices sent to students whose attendance is otherwise required by law.

Government Code section 6253, subdivision (c), requires the state agency that is the subject of the request, within ten days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of disclosable public records in your possession and promptly notify the requesting party of that determination and the reasons therefore. Also, as required when so notifying the District, please state the estimated date and time when the records will be made available.

SCO's Comment

The SCO provided the district the requested records by separate letter dated January 26, 2010.

**Attachment—
District's Response to
Draft Audit Report**

BOARD OF EDUCATION

Mr. Lewis Vanderzyl
President
Mr. Tom Hunt
Vice President
Mrs. Gayle Cloud
Clerk
Mrs. Kathy Allavie
Charles L. Beaty Ph.D.

Riverside Unified School District

ADMINISTRATION BUILDING
3380 14TH STREET - P. O. BOX 2800
RIVERSIDE, CALIFORNIA 92516

OFFICE OF THE SUPERINTENDENT
(951) 788-7135
FAX: (951) 778-5668

Richard L. Miller, Ph.D.
District Superintendent

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 14, 2009

Jim L. Spano, Chief
Mandated Cost Audits Bureau
Division of Audits
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 498, Statutes of 1983
Notification of Truancy
Fiscal Years: 2003-04, 2004-05, 2005-06, 2006-07
Riverside Unified School District

Dear Mr. Spano:

This letter is the response of the Riverside Unified School District to the letter from Jeffrey V. Brownfield, Chief, Division of Audits, dated November 20, 2009, and received by the District on December 1, 2009, that transmitted the draft audit report of the District's Notification of Truancy mandate reimbursement claims for the period of July 1, 2003 through June 30, 2007.

FINDING 1 - Unsupported initial truancy notifications claimed

This finding adjusts the total notifications claimed to the number of audited notifications "supported" by District documentation. The audited decrease in the number of notices is 57 less for FY 2003-04 and FY 2004-05. This District has no additional documentation available at this time to support the 57 notices. The District does not dispute this finding at this time.

FINDING 2- Non-reimbursable initial truancy notifications claimed

The draft audit report concludes that the District claimed costs for non-reimbursable initial truancy notifications in the amount of \$98,866 for FY 2003-04, FY 2004-05, and FY 2005-06. There is no adjustment in this finding for FY 2006-07 as a result of Finding 3,

Audit by sampling

The draft audit report states that this finding is based on a statistical sample of truancy notifications actually examined for the three fiscal years. A sample of 147 or 148 notifications was selected for both elementary and secondary schools each year, or a total of 886 notifications for the three years for which there are findings. Based on the claimed number of notifications for the three years (52,722), it appears the sample size is approximately 1.7 percent. The results from this review of less than two-percent of the total number of notices were extrapolated to the universe and the claims were adjusted based on the extrapolation.

The draft audit report has cited no statutory or regulatory authority to allow the Controller to reduce claimed reimbursement based on an extrapolation of a statistical sample. The Controller does not assert that the claimed costs were excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17561(d) (2)). It would, therefore, appear that the entire findings are based upon the wrong standard for review.

Aside from the legal basis for sampling, there are potential factual problems with the sample students selected. The ultimate risk for extrapolating findings from a sample is that the conclusions obtained from the sample may not be representative of the universe. That is, the errors perceived from the sample do not occur at the same rate in the universe. That is what has occurred in this audit. For example, kindergarten students present in the sample are more likely to be excluded because of the under-age issue, which makes these samples non-representative of the universe. Also, if any of the notices excluded for being under-age or over-age are for students who are special education students, these samples would also not be representative of the universe since the possibility of a special education student being under-age or over-age is greater than the entire student body.

Number of absences required for the initial notification

About one-half of the sampled notifications disallowed were deemed unallowable because the students had only three absences during the school year. Education Code Section 48260 was amended, effective January 1, 1996, to require a student to be classified as a truant after only three tardies or absences, rather than the four previously required. However, the Parameters and Guidelines were not amended until January 31, 2008 (effective July 1, 2006), to reflect the change in statute.

The Controller's auditors have chosen to enforce the definition of a truant as it was stated in the Parameters and Guidelines prior to the amendment, even though it contradicts a statute in effect during the audit period. The District properly complied with state law when it issued truancy notifications after three absences, rather than waiting for a fourth.

absence as required by the Parameters and Guidelines. Therefore, the Controller's adjustment is without legal authority.

Age of student

Many of the sampled notifications were disallowed because the student was younger than six years or older than 17 years, which is outside the scope of the compulsory attendance law (Education Code Section 48200). However, the District has distinct statutory duties to enroll some children who are five years old by December 2 of the year of enrollment as well as continue to enroll special education students through age 21. To the extent that these particular circumstances occur for any of the sampled students, the disallowance is without legal authority and the sampled student is statistically not representative of the universe.

The adjustments that result from the statistical sampling should be withdrawn as factually incorrect and unsupported by law.

FINDING 3- Noncompliant initial truancy notifications

The draft audit report disallows all (\$226,423) of the FY 2006-07 notices as noncompliant with Section 48260.5 since item six (the reference to Section 48264 arrest of minors) of the eight notice elements was not included. The draft audit states that effective July 1, 2006, the parameters and guidelines require that districts distribute initial truancy notification forms with the eight notice elements.

The draft audit report states in the "Background" section, on page 1, that the Commission amended the parameters and guidelines on January 31, 2008. Therefore, the District could not have been on notice of the retroactive effect to FY 2006-07 until the amended parameters and guidelines were adopted and included in the next update of the claiming instructions for this program, which was after FY 2006-07.

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Public Records Request

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Sincerely,

A handwritten signature in blue ink that reads "Michael H. Fine".

Michael H. Fine, Deputy Superintendent
Business Services & Governmental Relations

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>